



**Report of Auditor Findings
From the
March 8-10, 2006 Special Surveillance Audit
Of
Michigan Department of Natural Resources
And its Management of the
Michigan State Forest System**

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SCS/FSC Lead Auditor**

**Date of Report :
May 12, 2006**

Summary of Audit Activities

This special surveillance audit, planned at the time of the October 2005 main certification assessment, was undertaken for the purposes:

- Enabling the certification bodies (SCS and NSF-ISR) to assess MI DNR's direction and pace of response to the Corrective Action Requests (CARs) attached to the award of certification, particularly those CARs with near-term conformance dates
- Providing MI DNR with feedback both on their early stage responses to the CARs as well as to what is expected of a certificate holders in a surveillance audits; it that regard, this special surveillance audit served as a training mechanism designed to enhance the efficacy and efficiency of DNR's preparation for a surveillance audits, generally.

The auditors for this surveillance audit were:

Dr. Robert J. Hrubes, SCS Senior Vice President and Lead Auditor
Mr. Michael Ferrucci, NSF-ISR Senior Forest Auditor

The audit took place on March 7-10, 2006 and entailed the following activities:

March 7—

- Final audit preparation, review of documents

March 8—

- Full day of group discussions at the DNR Headquarters in Lansing

- DNR personnel provided the auditors with status reports on the FSC and SFI CARs
- DNR personnel participating in the day's discussions¹:

Dennis Nezich	Kerry Fitzpatrick
Larry Pedersen	Doug Heym
Lynn Boyd	Jason Stevens
Mike Paluda	Mike Donovan
Cara Boucher	Kim Herman
David Price	Tom Haxby
Jim Radabaugh	Penny Melchoir
Lisa Dygert	Craig Grey
Steve DeBrabander	Deb Stolecki
Rich Hausler	John Carey

- Transit to Grayling

March 9—Grayling FMU

- Opening meeting with Unit Manager and staff; topics covered included:
 - Overview of Unit
 - Eco-regional planning and relevance to the Unit
 - Unit-level analyses and planning
 - Staffing/workload planning
 - Tribal interactions
 - ORV issues and management
 - Uptake and implementation of Work Instructions
 - DNR personnel present for discussion:

Lucas Merrick	Mark Montei	Patrick Potter
Craig Farrer	Patrick Cotant	Larry Pedersen
Susan Thiel	John Pilon	Dennis Nezich
Robin Pearson	Cameron Rohdy	Barb Sands
Joel Money	Larry Allwardt	Jack Money
Jason Lewicki	George Kershenheiter	Steve Anderson
Jim Bielecki	Paige Perry	Bill O'Neill
Steve Sendek	Elaine Carlson	Joan Charlebois
Keith Kintigh		

- Late AM and PM—4 field stops:
 - Kirtland Warbler habitat management areas (large harvest blocks)
 - Oak shelterwood harvest
 - Oak thinning operation
 - White pine/Red pine SCA
- Travel to Newberry

¹ Craig Howard, of BioForest and a consultant to DNR was present for all meetings and field stops held as part of this surveillance audit.

March 10—Newberry Service Center and FMU

- Opening meeting with EUP Eco-Regional Core Planning Team
 - Focus was on progress in completing EUP plan; DNR participants:

Mike Paluda	Sharolynn Robinson
Ann Mattson	John Cischke
Wayne Wheeler	Steve Scott
Dennis Nezich	Dan Moore
Don Kuhr	Bob Moody
Rex Ainslie	Bob DeVillez
Les Homen	Larry Pedersen
Sherry MacKinnon	
- Office meeting with Newberry FMU Manager and staff

Les Homen	Jason To tar
Keith Magnussen	Kristie Sitar
Ed Rice	Michael Hill
Brian Mench	Paul Gaberdiel
Theresa Sysol	Larry Pedersen
Dennis Nezich	
- Field visits
- Exit Interview

General Findings of the Audit

Updated Status of the CARs: Overall, the auditors found that DNR has been devoting considerable attention, energy and resources to addressing the CARs; good progress was observed, particularly with respect to CARs with near-term conformance dates. However, not all of the DNR's responses to the CARs with a due date tied to this special surveillance audit have been sufficient to warrant their closure. The following CARs remain open beyond the initially stipulated closure date and DNR is strongly encouraged to provide documentation as to additional corrective actions taken, by the revised due dates, in order to avoid the possible elevation of one or more of these CARs to status as Major CARs:

CAR 2005.1 (Partially maintained as "open", see below)
CAR 2005.6
CAR 2005.10
CAR 2005.11
CAR 2005.13

On the basis of the information gathered and observation made, the following CARs are closed as a result of this audit:

CAR 2005.1 (Partial closure, see below)

CAR 2005.4
CAR 2005.9

The auditors note that the following CARs have a due date of early July and that DNR must submit documentation by that time as to corrective actions completed:

CAR 2005.5
CAR 2005.8

All other CARs (CARS 2005.2,3&7) are stipulated to be closed out either by the regular 2006 surveillance audit, scheduled to take place in October, or at the end of the year. The auditors are generally satisfied that DNR is on track for closing out all of these CARs on time, provided that the pace of progress and effort observed in March is carried forward until October and then through to the end of the year.

General Comments on the Surveillance Audit: Separate from the purpose of assessing the extent of DNR's progress in responding to the CARs, this special surveillance audit also served a "learning by doing" opportunity for key/responsible DNR staff to better understand the nature and content of a certification surveillance audit. We offer the following general suggestions regarding preparation for the annual surveillance audit, scheduled for October 2006:

- At the time of the opening meeting, or prior, DNR should provide to the lead auditors a separate file folder for each open CAR in which is contained all pertinent documents and evidence regarding the responsive actions that have been taken.
- Presentations by DNR staff regarding progress made in response to open CARs should be concise and to the point; where progress is incomplete, the reasons should be clearly described
- Commitments to provide documentation made during the audit should be carefully recorded and followed upon; delays in submitting such documentation by the promised dates should be explained in writing to the lead auditors.

Specific Findings and Comments Regarding the Open Corrective Action Requests

Observation (September 2005): In that there is not an accessible, comprehensive register of international agreements, conventions and treaties applicable to the management of the Michigan state forests, it is not possible for the audit team to confirm that there is adequate conformance with FSC Criterion 1.3. However, based upon the un-compiled documentary evidence and field observations, we are not aware of any evidence to suggest non-conformance with C.1.3, therefore justifying a minor rather than major Corrective Action Request.	
CAR 2005.1	Compile a concise yet comprehensive register (annotated list) of applicable international agreements, conventions and treaties and distribute to field units; complete a review to assure that the Department is in compliance with all applicable international requirements.
Deadline	60 days after award of certification

Reference	FSC Criterion/Indicator 1.3(a)
	<p>DNR Response (December 2005): Evidence relating to this CAR is listed below and will be placed on the DNR forest certification web site. Most International agreements and conventions do not have a noticeable day-to-day relevance to the DNR's management of the State Forests. However the following examples illustrate instances where DNR is knowledgeable of and participating in international agreements.</p> <p><u>American Indians:</u> Jim Ekdahl, U.P. Field Deputy and DNR state-wide coordinator for tribal issues, has a comprehensive list of all Indian treaties to which the State is subject (file: <i>Indian treaties index.doc</i>). Also see the 2000 Consent Decree.</p> <p><u>Other international agreements:</u> Several documents demonstrate that the DNR actively partners with the federal agencies in the implementation of many agreements that have international dimensions. Documents include:</p> <ol style="list-style-type: none"> 1. A 2003-2004 status report for bobcat and otter populations furnished to USFWS under the CITES agreement. (<i>2003-2004_CITES.doc</i>) 2. The memorandum of agreement that authorizes cooperative involvement of the DNR with respect to enforcing 15 different federal laws in the state of Michigan. (<i>Cooperative Law Enforcement MOA.pdf</i>) 3. The 2004-2005 North American Flyways directory listing several DNR staff as representatives to the Mississippi Flyway Council. (<i>Flyway Council Directory.pdf</i>) 4. The current migratory bird banding permit from the US Dept of Interior authorizing MDNR to work cooperatively in banding projects including the banding of endangered species. (<i>Migratory Bird Banding Permit.pdf</i>) 5. The current USFWS Goose permit authorizing goose management in Michigan. (<i>USFWS Goose Permit.pdf</i>) <p>Other agreements:</p> <ol style="list-style-type: none"> 6. Great Lakes Forest Fire Compact. 7. International Joint Commission. 8. Great Lakes Fisheries Commission.
	<p>Auditors' Comments in Reply (December 2005): We are satisfied that DNR understands our requested actions and is on course for demonstrating adequate conformance. The DNR response lists examples of international agreements and conventions; conformance will be demonstrated when a comprehensive list of applicable agreements and conventions is compiled and distributed to field units. The response, above, does not indicate what DNR has done or will do to complete a review of the adequacy of the department's responses to the compiled list of agreements and conventions.</p>
	<p>Auditors' Comments (March 2006): A comprehensive and more concisely formatted and discernable list of applicable international agreements, conventions and treaties has been developed and was provided to the auditors on March 8. If it has not already been done, this list should be posted on the DNR web site. This portion of the CAR is now being closed on the basis of the March 2006 surveillance audit.</p> <p>DNR did not provide the auditors with evidence that it has completed a review of the adequacy with which the Department is meeting its obligations contained within this body of international agreements. Thus, this CAR cannot yet be fully closed. The Department was advised that it must elevate the priority it is attaching to the completion of this task. On March 14th, Larry Pederson sent a memo to the lead auditor committing to provide a written summary of the analysis by April 30th. Upon receipt of this document, and assuming that no major problems are identified, this CAR will be fully closed.</p>

Observation (September 2005): As indicated by the number of vacant and eliminated conservation officer, forest & fire officer, and forest officer positions as well as the extent of resource damage from unauthorized ORV use in many FMU units, as well as the general condition of state forest roads, the level of funding committed to public use management and road system maintenance is not sufficient to adequately protect the resource base, as required by the FSC Lake States Regional Standard.	
CAR 2005.2	Develop and pursue strategies for securing additional personnel for public use management and road system maintenance; prepare a briefing report on steps taken and progress made.
Deadline	By the 2006 annual surveillance audit, expected to take place during Sept.-Nov., 2006
Reference	<i>FSC Criterion/Indicator 1.5(a) and 5.1(c)</i>
<p>DNR Response (December 2005): The auditors' observation suggests a perceived lack of permanent, fulltime DNR "officer" personnel as a cause of "resource damage from unauthorized ORV use" and a (presumably negative) "general condition of state forest roads". This approach fails to consider or recognize the DNR's efforts at addressing ORV and road problems via DNR trail specialists; other full – time, part-time, or temporary employees; contractors; grants; county road commissions; and local law-enforcement personnel. As a result, the "CAR" seems to require hiring uniformed personnel when other approaches may be more effective.</p> <p>The DNR will continue to utilize ORV restoration grant funds available annually in the department's budget to address identified ORV damage. These grant funds are available to applicants to address the prioritized needs. DNR will also continue to work with the ORV Advisory Board to raise awareness of ORV issues, and to develop solutions.</p> <p>The DNR proposes to show, within one year, a wide array of efforts for addressing ORV and road and bridge maintenance issues. DNR will complete its BMP monitoring and management review cycle as per work instructions 1.2, 3.1, and 3.2. In addition, by January 30, 2006 the DNR will create a task force that will be charged with defining a Department-wide strategy for addressing illegal ORV use. The strategy will be defined by June 30, 2006, and it will address three fronts including user education, enforcement, and maintenance/restoration. DNR will demonstrate additional progress by the time of the first annual surveillance audit.</p>	
<p>Auditors' Comments in Reply (December 2005): DNR is deriving inferences rather than responding on the basis of a careful and literal reading of this CAR. The CAR does not require DNR to hire permanent, full-time, uniformed DNR "officer" personnel. By employing the generic term, "additional personnel" in the CAR, the authors have consciously attempted to be non-prescriptive and to allow DNR latitude in formulating a response strategy in which more human and financial resources are marshalled for the growing challenges of public use management and road system maintenance. But to further emphasize our desire to provide latitude to DNR, we will revise the language of this CAR to state "additional personnel and resources." We are encouraged by the last paragraph of DNR's response.</p>	
<p>Auditors' Comments (March 2006): On March 8th, the auditors received a briefing from DNR's Jim Radabaugh on this subject. The auditors take positive note of the fact that an OHV task force ("Off-Road Vehicle Strategy Task Force") has now been established and that the first meeting of this task force has been held. We also note Chief Boyd's comment that some \$26 million is to be invested in the state forests,</p>	

representing a substantial influx of dollars. On the basis of these accomplishment and the oral briefing provided on March 8 as to further steps that will be taken, the auditors have an enhanced sense of confidence that DNR will be able to demonstrate, at the October 2006 annual surveillance audit, that it has undertaken corrective actions sufficient to warrant closure of this CAR. DNR is reminded that the CAR asks them to submit a briefing report on this subject prior to the October 2006 surveillance audit.

Observation (September 2005): While some progress has been made under the new Certification Work Instructions, the audit team concludes that more active efforts to invite the collaborative participation of tribal representatives, *at the FMU level*, is needed in order to demonstrate adequate conformance with elements of FSC Criteria 3.3 and 8.2.

CAR 2005.3	Demonstrate continuing progress, at the FMU level, in inviting tribal participation in the identification of tribal resources and the development of appropriate management prescriptions as well as monitoring of the impacts of management on tribal resources; prepare a briefing report on steps taken and progress made.
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Deadline	By the 2006 annual surveillance audit, expected to take place during Sept.-Nov., 2006.
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Reference	<i>FSC Criterion/Indicator 3.3(a), 3.3(b) and 8.2(d)3</i>
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DNR Response (December 2005):
Fisheries and Wildlife Divisions have had a long standing relationship with the 12 federally recognized tribes. At the management unit level, Wildlife and Fisheries Divisions coordinate with local tribal representatives/biologists on a variety of issues. Examples include cooperative wildlife research projects, participation in species regulation recommendations, review and discussions on land transactions, and providing assistance on biological data collection and surveys. These efforts include regularly-scheduled meetings every year and information sharing and collaboration.

The DNR will encourage additional one-on-one contact with the tribes. Initially, FMU Unit Managers will establish regular contact with key environmental tribal officers for those tribes where the tribal chairs are located within the FMU boundary.

Through DNR contacts, tribes will be encouraged to participate in eco-regional and state-wide planning efforts.

Auditors' Comments in Reply (December 2005):
We are satisfied that DNR understands the requested actions and that it is on course for demonstrating adequate conformance at the time of the 2006 surveillance audit in September/October. DNR is reminded that a briefing report should be prepared in advance of that audit (perhaps a few pages in length).

Auditors' Comments (March 2006):
Since the due date for this CAR is the October annual surveillance audit, the lead auditors merely sought a status report on progress made as of the March date of the special surveillance audit. The general topic of DNR interaction with federally-recognized Michigan tribes was addressed during the March 8th discussions in Lansing. Chief Boyd mentioned that the Department is very intensely involved in the final stages of negotiations over the 1836 Treaty and that it was her sense that the negotiations are "going well." She mentioned, as well, that many more tribal meetings are being held over the coming months in response to this CAR.

In discussions with field staff on March 9th and 10th, there was not any clear indication that forest-

level tribal outreach and interaction has substantively changed since last October. Overall, it is the auditors' sense that DNR will still need to put greater emphasis on field/forest-level tribal interaction in order to demonstrate adequate response to this CAR by the time of the 2006 annual surveillance audit.

Observation (September 2005): In the judgment of the audit team, there is not sufficient direction to field staff for assuring identification of archeological/cultural/historic sites of importance; even more so, there is no established guidance for assuring that any such sites found during field work are properly reported to the SHPO.

CAR 2005.4	Develop and implement direction/protocols to DNR field personnel on the identification of sites of archeological, cultural, historic or community importance and the procedurally appropriate means for reporting such sites to the SHPO.
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Deadline	By the time of the special surveillance audit in the first quarter of 2006
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Reference	<i>FSC Criterion/Indicator 4.4(b)</i>
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DNR Response (December 2005):

To address the concerns of the audit team, DNR will work with The Office of the State Archaeologist (OSA) to develop basic information and/or training for staff on site identification and reporting. Also, DNR will work with OSA to either confirm the adequacy of the current process or revise the process to meet their needs without compromising the possible sites. The protocol/process will be disseminated to staff. DNR expects to work with OSA to: 1) develop protocols for field identification and documentation of possible sites, 2) develop protocols for referring possible sites to OSA for assessment and evaluation, and 3) develop training and training materials (workshops, power points etc.) for staff.

4.4(b) requires that 'input is sought in identifying significant sites of archaeological...'. OSA is responsible for documentation and protection of archaeological and historic sites in Michigan. Its records include 18,000 sites on land, and 1400 shipwrecks. These records constitute the most comprehensive collection of books, unpublished reports, and documents on Michigan archaeology in our state. In addition, the OSA supports university field schools on state lands, and works with the State Historic Preservation Office to provide grants for archaeological projects.

DNR Operations Inventory procedures require that compartment review information and proposed treatments be submitted to the OSA (SHPO) office for review and comment. Comments related to historical sites are retained in the OI 'locked' comments field so that locations are not exposed. OSA provides direction on protecting sites. OSA has also provided training and information on reporting possible sites. In the past, telephone calls or brief written notes have been used to report possible historic sites, as OSA does not have a reporting form.

Auditors' Comments in Reply (December 2005):

The auditors are satisfied that DNR understands the requested actions and is on course for demonstrating conformance to the CAR by the time of the special/supplemental audit in Q1 of 2006.

Auditors' Comments (March 2006):

A summary of DNR's response to this CAR was presented by Cara Boucher during the March 8th group discussions in Lansing. Responsive actions include:

- Multiple meetings with the state archaeologist to seek his input on response strategies and to clarify the roles of the SHPO vis-à-vis FMFM
- Development and field distribution of a new Archaeological and Cultural Sites Reporting

form
<ul style="list-style-type: none"> • Presenting the subject matter at the 2006 FMFM division-wide meeting; with John Halsey providing 1.5 hours of technical training • Completion of plans to follow-up with a field-training component of the overall response, with the expectation that John Halsey will also conduct the field-level training activities.
On the basis of these responses, the auditors conclude that closure of this CAR is warranted.

Observation (September 2005): The collaborative working relationship between DNR and MNFI is hampered by the recent cutbacks in funding for MNFI survey work on the state forests; the underlying goal of that collaboration—to identify and protect notable natural features found within the state forest system—is further hampered by inadequate guidance to DNR field staff on identifying state and federally listed plant species.

CAR 2005.5	<p>a)a) Develop and pursue strategies to assure a renewed/enhanced effort to conduct field surveys and assessments for rare, threatened, and endangered species and communities on the Michigan state forestlands.</p> <p>b)b) Develop and implement direction/protocols to DNR field personnel designed to assure more systematic on-the-ground assessment of state and federally listed plant species</p> <p>c)c) submit to SCS, no later than 6 months after award of certification, a briefing document that details progress made on parts a) and b).</p>
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Deadline	6 months after award of certification
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Reference	FSC Criterion/Indicator 6.1(a) and 6.2(c)
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FSC indicators 6.1.a and 6.2.c below are for reference.

6.1.a Using credible scientific analyses & local expertise, & assessment of current conditions is completed to include4) sensitive, t & e species & their habitat ...

6.2.c For management planning purposes, forest ownersuse, participate in, or carry out on-the-ground assessments for the occurrence of state and or Federally listed as threatened, endangered, of special concern, or sensitive species.

For example: The forest owner or manager uses an appropriate survey for listed species.

DNR Response (December 2005):

The DNR currently has a robust program in place to identify and protect threatened and endangered species (T&E) with funding being provided by the Wildlife and Forest, Mineral, and Fire Management Divisions. The DNR will never *completely* inventory all state forest lands for *all* threatened and endangered species (T&E) and rare communities. Our assessments of the potential for T&E and rare communities use survey methods that rely on effective and efficient sampling. The new Michigan Natural Features Inventory (MNFI) Identifying Priority Conservation Areas project will model within an ecological classification system framework, the best places to conserve for a variety of biodiversity values, including T&E species and rare natural communities. An important component of this project will be a quantitative evaluation of the “Natural Heritage methodology” for identifying the best places to conserve. Upon completion of field surveys within eco-units, the DNR and MNFI will have quantitative estimates of errors of omission in the identification of high priority areas to conduct field surveys. This project is one example of the DNR’s systematic approach to the protection of notable natural features.

The Michigan DNR Mineral and Fire Management (FMFM) Division, also complies with FSC criteria/indicators 6.1.a and 6.2.c. by systematically: 1) reviewing existing records, 2) visiting

stands during forest inventory, 3) contracting with MNFI to a) participate in planning through the Compartment Review Process, b) survey for listed species and c) provide training on natural communities and listed species to FMU forestry and wildlife staff. For each Year of Entry a MNFI Ecologist reviews the compartments and sends a list with locations for potentially effected listed plants and animals followed by a substantive written narrative describing the species, habitat and management known to or that may occur within or near each stand being treated. If there is strong potential a listed species may occur within a stand to be treated, based on existing habitat and staffs field knowledge, Work Instruction 1.4 Biodiversity Management on State Forestlands directs field staff to request a field survey. For Fiscal Year 2006, funding resources are allocated to accomplish these surveys. MNFI is also under contract in FY 2006 to survey Ecological Reference Areas on state forestlands. (See the attached FSC-6.2.c document for additional evidence regarding surveys for listed species by MNFI and others.)

In addition, FMFM has contracted annually with MNFI since 1996 to provide training to field staff on significant local and regional natural communities and the listed species within them. Table 1 below is a summary of the training from 1996 – 2004 (See attached MNFI Training Summary document for further details). FMFM and Wildlife Division staff utilize this training and the references and abstracts from the MNFI website <http://web4.msue.msu.edu/mnfi/data/specialplants.cfm> to demonstrably protect and manage listed plant species. For example, due to training in the identification, ecology and management of the globally threatened pine barrens community, the Grayling Forest Management Unit (FMU) field staff recognize, protect and manage the associated rare plant species: rough fescue *Festuca scabrella* – state threatened, pale agoseris *Agoseris glauca* – state threatened, Hill’s thistle *Cirsium hillii* – special concern, and Alleghany plum *Prunus alleghaniensis* var. *davisii* – special concern. Similarly, when the field staff in the Sault Ste. Marie FMU find the state threatened walking fern *Asplenium rhizophyllum* and state endangered Hart’s tongue fern *Asplenium scolopendrium* which grow on dolomite boulders in northern hardwoods, they protect and manage them during forest treatments by reserving sufficient shade in the overstory canopy.

Table 1. Summary of MNFI Training Workshops by Region.

Workshop	WUP	EUP	NELP	NWLP	SELP	SWLP
Alvar		1996				
Conservation Planning	1998*	1998*	1998*	1998*	1998*	1998*
Dry-mesic northern forest	2003					
	1996	1996	1996	1996		
	1997*	1997*	1997*	1997*	1999*	1999*
	2001*	2001*	2001*	2001*	2006*	2006*
Introductory Workshop	2006	2006	2006*	2006*		
Invasive Species – Early Detection and Control	2006	2006	2006*	2006*		
Issues of Scale and Multiple Classifications			2006 *			
		1996				
		1997				
Northern Hardwoods	2000	2002		1996		
			1996*	1996*		
Pine Barrens			1999*	1999*		
Plant ID for Kotar Classification	2004	2003	2003*	2003*		
		2005	2005*	2005*		
Prairie Fen					1999	
Regional Workshops		2000	2003	2001	2001	2000

Woodland Raptors			1999			
	2002	1996	2001	2000	2003**	2000
* indicates single workshop covering more than one region.			**wildlife division funded			
Auditors' Comments in Reply (December 2005): The auditors are impressed with the substance of what is conveyed in the DNR response. As we understand it, DNR is indeed engaged in an array of efforts to identify and protect listed species as well as special/notable features. A key feature of the department's effort is a risk-based approach focusing on priority conservation areas and an ecological classification system. But on the other hand, we received direct and clear input from stakeholder organizations such as MNFI that the state's overall efforts in this arena have been hampered by cutbacks in DNR's funding of MNFI survey work. We have been presented with a viewpoint that these funding reductions have reduced the overall level of field survey work conducted by MNFI specialists and that this is having an adverse effect on the department's overall effort. Clearly, there are differences of perspective surrounding this topic. The critical question we face, as third-party auditors, is whether the department's more focused and risk-based approach to T&E issues sufficiently offsets the funding reductions. In recognition of the uncertainty of the true situation in the face of the differing perspectives, we have slightly moderated the basis of the CAR ("Observations") by changing the first sentence from "...is hampered by the recent cutbacks in funding" to "...may be hampered..." It is our sense that DNR can demonstrate adequate conformance to this CAR through submittal of a briefing document within 6 months of award of certification that more comprehensively compiles and presents its evidence that its efforts at identifying and protecting listed species and special/notable features is indeed efficacious even in the face of funding reductions. The briefing document should also address the request that DNR assure that there is sufficient direction to the field with respect to identification of listed plant species. During this time period, as well, we hope that DNR can work to resolve the differences of perspective with MNFI.						
Auditors' Comments (March 2006): This subject matter of this CAR was addressed during the staff presentations in Lansing on March 8 th . A brief presentation was made by M. Donovan and K. Herman. Generally, the certification auditors do not have a clear sense as to progress made on addressing this CAR since the December, 2005 submittals from DNR. DNR is encouraged to raise the level of effort in demonstrating and documenting actions undertaken in response to this CAR. We look forward to receiving a reasonably detailed status report on the MNFI Identifying Priority Conservation Areas project by mid-2006 as well as a more comprehensive (than the December '05 submittal) description of DNR's systematic approach to the protection of notable natural features.						

<p>Observation (September 2005): In the course of examining recent (YOE 2003 and 2004) regeneration harvests on 8 FMFM FMUs, the audit team observed a substantial variation—across units and across individual foresters—in the extent and manner in which green retention is laid out and implemented. Likewise, the audit team concludes that more emphasis needs to be placed on recognizing and appropriately managing areas possessing resources of limited distribution (e.g., Canadian yew) and/or heightened sensitivity (e.g., seeps, springs and wet areas). Furthermore, stakeholder comments and field observations indicate that high populations of ungulates might have detrimental effects on the diversity of understory plants and regeneration of valued forest trees.</p>	
CAR 2005.6	<p>Develop and implement direction/protocols to DNR field personnel on:</p> <ul style="list-style-type: none"> the ecological bases for in-stand structural retention, particularly during regeneration harvesting, to assure more

	<p>consistent uptake across all FMUs</p> <ul style="list-style-type: none"> • the identification and management of areas (as small as portions of individual stands) possessing notable ecological attributes, to assure more consistent uptake across all FMUs ✕• an assessment—throughout the ownership—of effects of browsing by ungulates.
Deadline	By the time of the special surveillance audit during the first quarter of 2006, (a) and (b); and by the first annual surveillance audit, (c).
Reference	<i>FSC Criterion/Indicator 6.3(a)3, 6.3(a)5, 6.3(b)1, 6.3(c)3</i>
<p>DNR Response (December 2005):</p> <p>(a) Recommendations/direction for in-stand structural retention is currently being developed. FMFM and Wildlife Divisions are in the process of revising Silvicultural Guidelines for State Forest Cover Types. These guidelines will include specific recommendations by cover type for both green tree and dead wood retention levels. The portion of the Silvicultural Guidelines pertaining to ecological bases for in-stand structural retention and the related biodiversity guidelines for major cover types will be completed by March 31, 2006.</p> <p>(b) Guidance related to the identification and management of areas possessing notable ecological attributes is contained in the document Conservation Area Management Guidelines, MDNR Forest, Mineral & Fire Management, IC 4450 (Rev. 09/xx/2005) on page 10:</p> <p>"DNR forest management staff should be aware of habitat features both within stands and within larger features of which the stand is part of (corridor, yard, etc.) and use protection strategies to conserve these habitat features in day-to-day management of state forest land. Forest managers, Wildlife and Fisheries Biologists should work cooperatively to determine protection and management options for habitat features. The Wildlife Action Plan (former Wildlife Conservation Strategy) provides species specific information for managers."</p> <p>In addition, guidance on cover type-specific potential ecological attributes will be included in the revised Silvicultural Guidelines. Examples may include management direction on prairie-remnant species in jack pine systems or ground hemlock in northern hardwood systems.</p> <p>(c) <i>FSC Criterion/Indicators below are for reference.</i></p> <p><i>6.3.a.3 Measures are taken to ensure the retention of endemic and difficult-to-regenerate species.</i></p> <p><i>6.3.b.1. Forest management conserves native plant and animal communities and species. For example.....Diversity of understory species is maintained.</i></p> <p>The Vegetation Management Team is establishing a sub committee to address mammalian herbivory on state forest lands. This committee will be made up of WLD and FMFM staff with the express purpose of: 1) developing a protocol to measure the extent of browse on select species; 2) implement the protocols to assess browse; and 3) propose solutions should herbivory be determined to have a significant negative impact on forest vegetation. This committee will be formed by January 1, 2006. The committee will develop protocols by May 1, 2006 and assessments will begin by June 1, 2006. A preliminary assessment will be completed within one year.</p>	
<p>Auditors' Comments in Reply (December 2005):</p> <p>The auditors are comfortable that DNR understands the requested actions and that it is in the process of developing appropriate responses. We look forward to the opportunity to review this topic with DNR during the special/supplemental audit in Q1 of 2006 (probably late March).</p>	

Auditors' Comments (March 2006):

As presented during the March 8th group discussions in Lansing, DNR is actively working on a set of responses to this CAR but they are not yet ready to demonstrate sufficient progress to warrant closure of sections (a) and (b). As presented by DNR's Fitzpatrick, Heym and Stevens, and as further elaborated in a March 9th memo from Jim Ferris, the Department has elected to incorporate in-stand retention guidelines (part (a) of this CAR) into a broader guidance document, the Silvicultural Management Guidelines. As of March 9th, the Silvicultural Management Guidelines document remains under development. During the March 8th discussions in Lansing, part (b) of this CAR was not very effectively addressed by DNR and we remain uncertain as to what progress if any, aside from the SCA nomination process, has been made in developing field protocols for the identification and management of areas possessing notable ecological attributes. Of all of the CARs with near-term due dates, the auditors are most concerned about the pace of progress in responding to this CAR. To avoid elevation of this CAR to the status of a Major CAR, DNR must submit a status that clearly describes and documents the DNR's response to parts (a) and (b) of this CAR. The Department should invest the resources necessary to complete the Silvicultural Management Guidelines by the end of May.

With regard to part (c) of this CAR, the auditors were presented with a draft "charge" to the Cervid Herbivory Team. During the discussions on March 8th, we noted that the charge to the Cervid Herbivory Team states that the ungulate browsing study was to "begin by October 27th." We pointed out that the assessment should be completed not begun by this coming October. DNR acknowledged the error in the charge document and committed to revising it and, more importantly, completing the browsing assessment by the time of the October 2006 surveillance audit.

Observation (September 2005): On the basis of document reviews and DNR personnel discussions, the audit team is unable to confirm adequate conformance to the FSC Lake States Regional Standard requirement that "forest owners or managers maximize habitat connectivity to the extent possible at the landscape level."

CAR 2005.7	Within the OI/IFMAP and eco-regional planning processes, modify procedures as necessary to assure maximum practicable habitat connectivity.
Deadline	By the 2006 annual surveillance audit, expected to take place during Sept.-Nov., 2006.
Reference	<i>FSC Criterion/Indicator 6.3(b)4</i>

DNR Response (December 2005):

Successful implementation of existing Work Instructions and a new MNFI State-wide Surveys Project (a part of the biodiversity conservation analysis), will assure that habitat connectivity at the landscape level is considered in the management of State Forest land.

Habitat connectivity at the landscape level using an ecological classification system will be assessed in the MNFI State-wide surveys project. The results of the analyses will inform the eco-regional planning process. At the planning level, the Criteria and Indicators effort has documented habitat connectivity as an important value to our stakeholders and the DNR, and resulted in the identification of potential metrics to measure the DNR's success in protecting this value. Work Instruction 1.3 (Eco-regional Plan Development) provides an outline for eco-regional plans that includes the identification of important large landscape-level forest and important habitat corridors. Work Instruction 1.3 also directs all DNR personnel within an eco-region to implement the plan through on the ground operations.

At the operational level, Work Instruction 1.4 (Biodiversity Management) directs field staff to consider habitat connectivity in the management of Special Conservation Areas where connectivity would enhance the management of the areas for their designated values. Work Instruction 3.1 (Forest Operations) directs the DNR to utilize BMP practices in riparian zones. Riparian zone BMPs enhance the protection of habitat connectivity in stream and river corridors.

Habitat connectivity was discussed as part of the compartment review process pre-Work Instructions. Work Instruction 1.6 (FMU Analysis) formalizes the discussion of habitat connectivity as part of the Pre-Inventory review meeting for an entire Forest Management Unit. The switch from OI to IFMAP will facilitate discussions of habitat connectivity issues because many of the data layers that will be used to assess connectivity are available as GIS data layers in IFMAP. Work Instruction 1.2 (Management Review) directs the DNR to carry out internal audits as a way of monitoring and reporting our effectiveness in implementing work instructions and hence, the maintenance of habitat connectivity.

Auditors' Comments in Reply (December 2005):

The auditors are satisfied that DNR understands the requested actions and we are comfortable with the direction and approach, described above, that DNR is taking in response. This evidence suggests that DNR will be well prepared to demonstrate conformance to the CAR by the time of the 2006 surveillance audit in September/October.

Auditors' Comments (March 2006): As overviewed on March 8th, we note the following in the way of ongoing progress in response to this CAR:

- DNR is continuing to implement the new Work Instructions, of note Work Instructions 1.2, 1.3, 1.4, 1.6 and 3.1
- Most FMU have implemented new pre-inventory review procedures we place the YOEC compartments into a broader landscape context, thereby enabling better consideration of connectivity issues
- The Wildlife Division held a 2-day training event on habitat issues and is continuing its development of desired future conditions for habitats; they are engaged in other related habitat analyses, as well.
- Chapter 5 of both the statewide forest management plan and the ecoregional plans will address habitat connectivity

Generally, the certification auditors came away from the March '06 surveillance audit with a sense of comfort that the DNR, if it continues at the pace observed then, will be able to provide sufficient evidence to warrant closure of this CAR at the time of the October '06 audit.

Observation (September 2005): The audit team notes that no additions to the Natural Areas Program have been made for over a decade, despite a substantial queue of nominated areas. The suspended status of this program was raised as a concern by a variety of stakeholder groups. Its suspended status is incompatible with demonstrated conformance to FSC Criterion 6.4.

CAR 2005.8	<p>Undertake necessary departmental actions to:</p> <ul style="list-style-type: none"> ✗• re-establish active designations to the Natural Areas Program ✗• assure completion of the Biodiversity Conservation Committee's Phase I analysis in time to provide substantive guidance in the development of the EUP eco-regional plan ✗• submit to SCS, no later than 6 months after award of certification, a briefing document that details progress made on parts a) and b).
Deadline	6 months after award of certification

Reference	FSC Criterion/Indicator 6.4(a) and 6.4(b)
	<p>FSC Criterion 6.4 and Indicators 6.4.a and 6.4.b below are for reference.</p> <p><i>6.4. Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps, appropriate to the scale and intensity of operations and the uniqueness of the affected resources.</i></p> <p><i>6.4.a. Where existing protected areas within the landscape are not of a size and configuration to serve the purposes listed in the above Applicability Note, forest owners or managers, whose properties are conducive to the establishment of such ecologically viable areas, designate them. The size, extent, and arrangement of on-site and off-site (i.e., on and off of the certified forest) representative sample areas are designated, documented, and justified.</i></p> <p style="padding-left: 40px;"><i>For example: Management plans address the spatial relationships between or among representative samples, protected areas, and managed areas and may include gap analysis.</i></p> <p><i>6.4.b. Large private and public forest owners or managers use or carry out an analysis to evaluate the extent to which representative samples of existing ecosystems are adequately protected in the landscape. The size and extent of representative samples on public lands are determined through a management planning process that includes public input (see also Indicator 4.4.e).</i></p> <p>DNR Response (December 2005):</p> <p>(a) The biodiversity conservation planning process will be the method the DNR uses to identify ERAs, HCVAs and SCAs. DNR will clarify how natural area designations fit into this process by June 1, 2006.</p> <p>All biodiversity analyses including the protection analyses will be made available to the state biodiversity design team for review. Legal dedication under the Public Act 451, Part 351 offers one of the highest forms of protection offered by the State. Not all areas are of sufficient quality to justify legal dedication. As part of the Biodiversity Planning Process all Ecological Reference Areas will be reviewed relative to the level of protection the department and the public deems necessary. The backlog of nominated natural areas on state forest land will be vetted through the biodiversity conservation planning process. The DNR is demonstrating its commitment to the legal dedication of natural areas by providing staff support and by currently moving forward with the dedication of the Algonac Prairies and Savannas Natural Area, at Algonac State Park in Southeast Michigan.</p> <p>Natural Areas nominated for legal dedication are one category of many Special Conservation Areas managed by the DNR. All DNR natural areas including those nominated for legal dedication are mapped, protected and managed per the implementation of the Natural Areas Program Strategic plan, Work Instruction 1.4 Biodiversity Management on State Forestlands, and the Conservation Area Management Guidelines, Appendix D.</p> <p>(b) Many of the Biodiversity Conservation Committee's Phase I tasks identified below are under way. The DNR will keep the auditors abreast of progress on these tasks, though not all may be able to be accomplished by June, 2006.</p> <ol style="list-style-type: none"> 1. The Statewide team identifies the general distribution and quantity of each of the 74 Michigan Natural Features Inventory natural community types which exists now and in the past. This also includes the large task of identifying biophysical data sources and those spatial and tabular analyses that will be needed. The team should strive to identify any significant variations in natural community types. 2. The Statewide team defines conservation objectives and targets and values for each community type. Key tasks include determining community uniqueness and rarity,

<p>threats to the ecological health of a given natural community, and potential for conservation of a given natural community.</p> <ol style="list-style-type: none"> 3. Determine and rate the quality, condition and functionality of a natural community over the landscape of Michigan. Also, the team must rate the potential to preserve the quality, condition and functionality of a natural community ecosystem(s) and natural processes over the next century. This will involve defining the importance of various ecological criteria to maintain or restore biodiversity within a natural community and its surrounding landscape. 4. Identify statewide social and economic trends, as well as social and economic constraints to conserving biodiversity in any given landscape. This will involve further refinement in the identification of biophysical data requirements. 5. Provide information, data and direction to the four eco-regional teams to allow the eco-regional teams to move ahead with the biodiversity conservation process. This includes: <ol style="list-style-type: none"> a. List of conservation objectives associated with each community type. b. Checklist of ecological criteria important for each conservation objective. c. Relevant economic & social data, definitions and profiles. d. Relevant biophysical data. e. Suggested list of other planning processes to connect with. f. Announcements to interested outside groups.
<p>Auditors' Comments in Reply (December 2005): The auditors are satisfied that the DNR adequately understands the requested actions and we are comfortable with the response approach as summarized in the DNR Response. Upon consideration of the DNR's comments and upon further deliberation amongst ourselves, we agree that 6 months is too short of a time frame to enable fully adequate response so we have extended the due date of this CAR to the time of the 2006 surveillance audit.</p>
<p>Auditors' Comments (March 2006): With respect to ongoing progress in responding to this CAR, the certification auditors note:</p> <ul style="list-style-type: none"> • The statewide biodiversity conservation committee/team has been meeting regularly this year • DNR has committed to providing the certification auditors with a clarification, by early June, as to how the nomination and consideration of candidate natural areas fits into the agency's biodiversity conservation planning process • While the overview of this topic on March 8th was less than fully informative, the evidence continues to suggest that DNR remains on track for closing out this CAR by the time of the annual surveillance audit (October '06) <p>The auditors will be expecting the clarification memo by sometime in the first half of June.</p>

<p>Observation (September 2005): As is recognized by the DNR, its key stakeholders, and the audit team, a timely completion of the three eco-regional plans is a linchpin to the Department's focused response to the FSC Scoping Visit Report that was submitted in November, 2004. If these yet to be finished eco-regional plans were all that comprised management planning for the state forests, a Major CAR would need to be issued, requiring completion of these plans prior to award of certification. But, in fact, these eco-regional plans are but one component of a complex array of planning documents and initiatives undertaken by DNR, spanning multiple temporal and spatial scales as well as subject matter. It is this compendium of planning documents and initiatives that, in the judgment of the audit team, constitutes the "management plan" for the Michigan state forests. As such, a minor CAR is deemed appropriate. But failure to complete the</p>
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eco-regional plans on the schedule that DNR has publicly committed to would constitute a major non-conformance.	
CAR 2005.9	<p>a) Commit sufficient departmental resources to complete the three eco-regional plans by the announced completion dates and in full conformance with the established protocols, including substantive stakeholder involvement</p> <p>b) Conduct an assessment of current resources committed to EUP eco-regional planning effort and augment as needed, in light of the much shorter time line committed to for completing this plan</p>
Deadline	At the time of the special surveillance audit in the first quarter of 2006
Reference	<i>FSC Criterion 7.1(b)6</i>
<p>DNR Response (December 2005): Part (a): All three eco-regional planning teams have prepared timelines for completion of their respective plans according to Work Instruction 1.3. Eco-teams are presently making staff assignments and organizing work groups according to the timelines and Work Instruction 1.3. A set of state-wide Criteria and Indicators (C&I) have been drafted based on stakeholder input and values exploration. Plan development, including C&I and other analyses, has been supported by other external public agencies (e.g., US Forest Service, MNFI). Aside from initial stakeholder values gathering efforts, public review of the eco-regional plans will occur at least twice during plan drafting and rollout for all three eco-regions. State-level staff are assisting in the eco-regional planning effort.</p> <p>Part (b): The Eastern Upper Peninsula Eco-team (EUP team) has completed an in-depth analysis of resources needed to achieve its established timeline (one-year less than the other two eco-regions). This analysis was completed by Forest Certification planning staff, Division representatives on the EUP team, and Lansing staff specialists. The consensus reached was that Department staff, with support of appropriate Division upper-level managers and management unit supervisors, is at a sufficient level to achieve plan completion by the established deadline. To that end, the EUP FMFM Planning & Inventory specialist position has been committed fulltime to the eco-regional planning effort. In addition, the Cooperative Forest Management specialist has been committed to this effort for at least one-quarter of that position's work load. The time allocated to the Wildlife Ecologist position (Wildlife Division) for eco-regional planning has also been increased to support this effort. Likewise, Wildlife and Fisheries Division's are committing staff (not directly or normally linked to the EUP team) towards this effort. Finally, the EUP team has established a planning team which is going to be meeting bi-weekly to ensure continuity in plan development.</p>	
<p>Auditors' Comments in Reply (December 2005): The DNR Response indicates that the requested actions are understood and that the department fully appreciates the importance of completing the eco-regional plans on time. We look forward to discussing this topic during the special/supplemental audit in late March, 2006.</p>	
<p>Auditors' Comments (March 2006): Based upon a review of ongoing progress in the development of the 3 eco-regional plans and an in-depth discussion with core team members of the Eastern Upper Peninsula eco-regional planning team, we are satisfied that all 3 planning efforts are on track for completion within the time frames that DNR has publicly committed to. While the time frame is the most compressed, the March surveillance audit left us with an elevated sense of confidence that DNR has committed sufficient resources to the EUP effort.</p> <p>Note: On April 20th, DNR requested a conference call with the FSC and SFI lead auditors in order to discuss the timeline from completing the Eastern Upper Peninsula Eco-Regional Plan, which is the focus of CAR 2005.9(a). During this conference call, DNR presented several</p>	

compelling reasons why a 4-5 month delay in completing the EUP plan is needed and warranted, most notably in order to enable the completion of the new statewide forest management plan in advance of the three ecoregional plans. Based upon the arguments presented by DNR, the auditors are convinced that extending the timeline for completing the EUP plan is warranted and compatible with the thrust of this CAR. The goal of this CAR is to complete these plans as expeditiously as possible but to also make them as useful of planning tools as possible. We are satisfied that EUP plan will be a superior planning tool if, during its development, it can more fully benefit from a completed statewide forest management plan.

So, we believe that it is still appropriate to close this CAR but to carefully monitor the ecoregional planning process over the next year. If progress were to stall out and timeframes were to be pushed back even further, then it is likely that a new CAR, perhaps a Major CAR, would be stipulated, at that time. Progress on completing the statewide plan and the 3 ecoregional plans will be a key focus of the October 2006 surveillance audit. Inadequate progress at that time could lead to the issuance of a new CAR.

Observation (September 2005): In the course of document review and DNR personnel discussions, the audit team was unable to identify a comprehensive written summary as to the frequency and scope of periodic revisions to the body of plans/documents that collectively constitute the “management plan” for the Michigan state forests.

CAR 2005.10	Establish and make publicly available written protocols for the scope and periodicity of updates/revisions to all management planning documents, including but not limited to eco-regional planning.
Deadline	By the time of the special surveillance audit in the first quarter of 2006
Reference	<i>FSC Criterion/Indicator 7.2(a)</i>

FSC Criterion 8.4 and Indicators 7.2.a and 8.4.a below are for reference.

FSC Criterion/Indicator 7.2(a) Operational components of the management plan are reviewed and revised as necessary or at least every 5 years. Components of the long-term (strategic) management plan are revised and updated at the end of the planning period or when other changes in the management require it.

(see also Criterion 8.4)

FSC Criterion 8.4. The results of monitoring shall be incorporated into the implementation and revision of the management plan.

8.4.a. Discrepancies between the results of management activities or natural events (i.e. yields, growth, ecological changes) and expectations (i.e. plans, forecasts, anticipated impacts) are appraised and taken into account in the subsequent management plan.

DNR Response (December 2005):

By March 31, 2006 the Statewide Resource Planning Team will add expected update/revision dates to the compendium of plans referenced in CAR 11.

Section 5.4 of the Operational Management Guidance document addresses the revision requirements of FSC 7.2(a), stating that:

“Operational components of State-wide and eco-regional management plans will be reviewed and revised as necessary, but at a minimum of every five years. Strategic components of Statewide and eco-regional management plans are to be reviewed and if

<p>necessary revised or updated at the completion of each 10-year compartment review cycle, or when other changes in management require revision.</p> <p>The 10-year planning cycle for compartment reviews is operationally implemented by O.I. and Compartment Review Procedures, as contained in FMD Policy 441 dated January 19, 2000.”</p> <p>Ecoregional Management Plans will also contain a specific section dedicated to review and revision processes.</p>	
<p>Auditors’ Comments in Reply (December 2005): We are satisfied with the DNR’s response and we look forward to discussing this topic with DNR personnel during the special/supplemental audit in late March, 2006.</p>	
<p>Auditors’ Comments (March 2006): At the time of the March surveillance audit, we were informed that DNR would be completing the process of adding expected update/revision dates to each of the major planning documents by the end of March. A written description of these update/revision frequencies/dates has not yet been conveyed to the certification auditors. DNR should provide written evidence, by the end of May, that it has adequately addressed this corrective action request; failure to do so could result in elevation to a Major CAR.</p>	

<p>Observation (September 2005): As a state agency, DNR documents are generally available to the public. Indeed, there is a multiplicity of management plans and planning guidance documents that are available, most of which can be accessed on the DNR Web site. But this multiplicity of documents presents a substantial challenge to all but the most motivated members of the public to grasp the totality of the DNR planning activities and how each individual plan—covering different spatial and/or temporal scales—fit together into an overarching management program designed to attain established goals and objectives. This runs counter to the transparency and public access precepts imbedded in the FSC standards and protocols, such as found in Principle</p>	
CAR 2005.11	Develop and make publicly available a tractable and concise umbrella summary document that meets the FSC content requirements and provides a clear description of how the many DNR management planning documents and initiatives function as a cohesive whole.
Deadline	By the time of the special surveillance audit in the first quarter of 2006
Reference	<i>FSC Criterion/Indicator 7.4(b)</i>
<p>FSC indicator 7.4(b) and Criterion 7.1 below are for reference. <i>FSC Criterion/Indicator 7.4(b) Managers of public forests make forestry-related information easily accessible (e.g., available on websites) for public review, including that required by Criterion 7.1.</i> <i>FSC Criterion 7.1. The management plan and supporting documents shall provide:</i> <ul style="list-style-type: none"> <i>a) Management objectives.</i> <i>b) Description of the forest resources to be managed, environmental limitations, land use and ownership status, socio-economic conditions, and a profile of adjacent lands.</i> <i>c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories.</i> <i>d) Rationale for rate of annual harvest and species selection.</i> <i>e) Provisions for monitoring of forest growth and dynamics.</i> <i>f) Environmental safeguards based on environmental assessments.</i> <i>g) Plans for the identification and protection of rare, threatened and endangered</i> </p>	

<p><i>species.</i></p> <p><i>h) Maps describing the forest resource base including protected areas, planned management activities and land ownership.</i></p> <p><i>i) Description and justification of harvesting techniques and equipment to be used.</i></p> <p>DNR Response (December 2005): As noted by the auditors, a compendium of planning documents has already been built into the forest certification web site. The site will be reorganized by the Statewide Resource Planning Team and presented in a format that explains how all of the different documents function as a cohesive whole to further the attainment of our management goals and objectives.</p> <p>Section 1.3 and Appendix D of the Operational Management Guidance document address the issue of the many DNR planning documents and initiatives, and will be modified to present the same information as the web site.</p>
<p>Auditors' Comments in Reply (December 2005): We are satisfied with the DNR's response and we look forward to discussing this topic with DNR personnel and reviewing the pertinent sections of the DNR web site during the special/supplemental audit in late March, 2006.</p>
<p>Auditors' Comments (March 2006): On March 8th, the auditors received a briefing from David Price and received a draft version of "A Comprehensive Summary of the Department of the Natural Resources Planning Process for Natural Resource Management in Michigan." We were informed that this summary document will be finalized by the end of April and that its endorsement by the Statewide Council (SWC) will be sought shortly thereafter. We are satisfied with progress in response to this CAR as of early March and we are comfortable with holding this CAR open until the end of May in order for DNR to finalize the document and post it on the DNR web site.</p>

<p>Observation (September 2005): DNR has not yet developed a written "documented control system" that assures conformance with applicable FSC chain-of-custody requirements necessary for the wood harvested from the state forests to carry forward the status as "FSC certified wood."</p>	
<p>CAR 2005.12</p>	<p>Establish written chain-of-custody procedures that comply with the FSC Principles of Chain-of-Custody and that assure:</p> <ul style="list-style-type: none"> a) written notification to all DNR stumpage purchasers that the certified status of the wood harvested from the state forests will not be maintained unless the purchaser is either, themselves, a holder of a FSC CoC certificate or member in good standing of a FSC Group CoC certificate b) all paperwork associated with timber sales on the state forests include the DNR's unique FM/CoC certificate number (to be assigned at award of certification) c) DNR has developed procedures that will enable it to provide SCS with quarterly sales volumes, by purchaser, estimated as robustly as possible
<p>Deadline</p>	<p>Prior to award of certification</p>
<p>Reference</p>	<p>FSC Criterion/Indicator 8.3</p>
<p>DNR Response (December 2005):</p> <ul style="list-style-type: none"> a) The Timber Sale Specialist will insert a statement into general specifications/bid instruction in every Timber Sale Prospectus: "The area encompassed by this timber sale 	

<p>is certified to the standards of the Forest Stewardship Council (FSC) – Certificate #SCS-FM/COC-XXXXXX and the Sustainable Forestry Initiative (SFI) – Certificate #XXXXXX. Forest products from this sale may be delivered to the mill as “FSC and / or SFI certified” as long as the contractor hauling the forest products is chain-of-custody (COC) certified or covered under a COC certificate from the destination mill. The purchaser is responsible for maintaining COC after leaving the sale area.”</p> <p>b) The above statement will be inserted into the general contract specifications of every Timber Sale contract.</p> <p>c) The Timber Sale Specialist will provide required information to the FSC auditor. Reporting volume will be total volume in cords and will be reported on a monthly rather than quarterly basis.</p>	
<p>Auditors’ Comments in Reply (December 2005): The DNR response is adequate. But to close out this CAR, we need to receive a written document entitled something to the effect of: “DNR Chain of Custody Procedures” that memorializes its commitments with respect to notification of timber purchasers and volume data compilation and submittal to SCS. This document need not be lengthy but there needs to be one on file. (Note: On December 19, DNR in fact submitted a CoC control system document and this CAR was closed.)</p>	
<p>Auditors’ Comments (March 2006): This CAR was closed at the time of award of certification and, as such, was not addressed during the special surveillance audit. However, chain of custody procedures will be addressed during the annual surveillance audit in October.</p>	

<p>Observation (September 2005): While the audit team is very impressed with the actions initiated by DNR in response to the Scoping Visit Report, as formalized in the new Certification Work Instructions, a demonstration of sufficient conformance to the analytical, management and consultative requirements related to areas qualifying as “high conservation value forests” requires that some additional steps be taken prior to award of certification, steps that can be reasonably completed prior to the end of 2005, if sufficient staff resources are dedicated.</p>	
<p>CAR 2005.13</p>	<p>DNR must undertake the following actions with regard to the identification and management of areas meeting the FSC’s definition of “high conservation value forests” as further guided by the FSC Lake States Regional Standard:</p> <ul style="list-style-type: none"> • Name all members of the Biodiversity Conservation Committee and assure that the team members have sufficient available time to execute their duties • Establish/clarify the process by which members of the public may make SCA/HCVA/ERA nominations • Document and revise as needed procedures for assuring coordination with other ownerships possessing HCVF areas within the landscape • Develop/clarify HCVF monitoring protocols
<p>Deadline</p>	<p>Prior to award of certification</p>
<p>Reference</p>	<p><i>FSC Criterion/Indicator 9.1(a), 9.3(d) and 9.4(b)</i></p>
<p>DNR Response (December 2005): The Statewide Council (SWC) is scheduled to appoint a statewide Biodiversity Conservation Planning Team at its November 1, 2005 meeting. The Biodiversity Conservation Planning Process defines several immediate activities they will undertake. In addition to these activities they will clarify the process by which members of the public may make SCA/HCVA/ERA recommendations. This information will be on the DNR website by December 31, 2005. Note:</p>	

the general public currently has opportunity to provide recommendations in the existing Open House/Compartment Review process.

DNR has worked with other organizations and landowners, notably the USDA Forest Service and The Nature Conservancy (who has coordinated efforts with large industrial landowners) to identify, document, and protect biological and ecological legacies through a variety of mechanisms. These activities are ongoing. As part of the management review process, activities will be summarized and information shared.

Monitoring of HCVAs include the following:

- Per Work Instruction 1.4 Biodiversity Management on State Forestlands HCVAs are reviewed during Compartment Reviews.
- Internal Audits that include monitoring and review of SCA/HCVA/ERA are conducted each year.
- Opportunistic Field Surveys (OFS) will be used to report on the ground conditions/changes on HCVAs.

Auditors' Comments in Reply (December 2005):

The overall thrust of DNR's response appears to be appropriate. In order to either close this Major CAR or downgrade it to a Minor CAR prior to award of certification, SCS will need to receive additional information from DNR such as: a) a list of personnel now comprising the Biodiversity Conservation Planning Team, b) a written summary of the process by which members of the public may make SCS/HCVA/ERA recommendations, c) more detail on coordination with other land management entities as well as HCVA monitoring protocols.

(Note: On the basis of evidence presented on December 19, the scope of this Major CAR was narrowed and it was downgraded to a Minor CAR.)

Auditors' Comments (March 2006): see below

Observation: While the audit team is very impressed with the actions initiated by DNR in response to the Scoping Visit Report, as formalized in the new Certification Work Instructions, a demonstration of sufficient conformance to the analytical, management and consultative requirements related to areas qualifying as "high conservation value forests" requires additional actions to be undertaken after award of certification.

CAR 2005.13	<p>DNR must undertake the following actions with regard to the identification and management of areas meeting the FSC's definition of "high conservation value forests" as further guided by the FSC Lake States Regional Standard:</p> <ul style="list-style-type: none"> a) Finalize the establishment and public distribution of the process by which members of the public may make SCA/HCVA/ERA nominations b) Document and revise as needed procedures for assuring coordination with other ownerships possessing HCVF areas within the landscape c) Develop/clarify HCVF monitoring protocols
Deadline	At the time of the special surveillance audit in March, 2006.
Reference	<i>FSC Criterion/Indicator 9.1(a), 9.3(d) and 9.4(b)</i>
Auditors' Comments (March 2006): During the March special surveillance audit, the auditors	

were informed by DNR staff (Donovan and Herman) that the procedures for nominating SCS/HCVA/ERA's has been completed and posted on the DNR web site. Specifically, the document posted on the web site is: "Biodiversity Conservation on DNR-Owned Lands: Conservation Area Recommendation Process." As part of this process, a nomination/recommendation form has been developed; as well, DNR submitted to SCS a draft schematic/flowchart that further describes the conservation area recommendation process. Accordingly, response to CAR 2005.13(a) is now sufficient. With respect to HCVA monitoring and coordination with other landowners (CAR 2003.13(b)&(c)), the presentations and supporting documents submitted to the auditors on March 8th revealed partial progress has been made. A draft monitoring protocol was under development at that time and a partial written description was provided, focusing on 2 of 5 categories of HCVA (dedicated natural river areas and federal endangered species sites). Both of these categories already have established monitoring protocols under the jurisdiction of other agencies. DNR is responsible for monitoring activities on the remaining 3 conservation area categories and the protocols were not yet completed as of early March.

In all, progress by DNR in closing this CAR is not yet sufficient to warrant closure. DNR is strongly advised to provide SCS with finalized monitoring and inter-ownership coordination protocols by the mid-June in order to avoid this CAR being elevated to a Major CAR.

END